

BELOW MARKET RATE (BMR) PROGRAM UNITS FOR SALE GUIDELINES

BMR Buyer Selection:

- A. 1. **Income Standards (Refer to attached TABLE I)**
Households having gross income not to exceed moderate income (those at or below 120% of the County's median income) of the then current income standard for the BMR Program, adjusted for family size, are eligible to purchase a BMR unit.
- The development's BMR commitment and income bracket for which the homes will be reserved is found in the Residential Development Control System application submitted for the project.
2. **Unit Pricing: (Refer to Table I)**
3. **Buyer Selection: The City reserves the right to select the BMR buyer in accordance with the BMR Program Guidelines.** In all cases, first priority shall be given to those eligible households, a member of which currently lives in the City of Morgan Hill (for at least one consecutive year). Buyers must be first time homebuyers as defined by the California Housing Finance Agency (CalHFA) **. Exceptions to this definition may be made in the case of newly formed families. The City, or its designee, shall pre-qualify all buyers according to income, family size, mortgage eligibility, and unit size (refer to Table II for qualifying maximum income limits).
4. **Unit Restrictions:** Buyers will be required to sign a *Property Value Restrictions, Resale Agreement and Option to Purchase* which will be recorded on title and will to include:
- A) Provisions limiting terms of resale
 - B) A non-rental clause to ensure that all BMR units remain owner-occupied only (principal place of residence)
 - C) The City shall have first option to purchase
 - D) Resale restrictions shall govern BMR units for a minimum of 45 years. At City's discretion, exceptions may be granted to be consistent with regulations governing federal, state, county, or local financing programs

The Developer's BMR commitment, indicated during the Measure C review process, will be reflected in the Residential Development Agreement. Developers will be required to enter into a Residential Development Agreement indicating full participation in the BMR Program. The Residential Development Agreement shall run with the land, and the provisions shall be subject to review by the City Attorney prior to recordation.

**First time homebuyer has not had ownership in any residential property during the preceding 3 years. If there is more than one borrower, this requirement must be met by each borrower for the entire preceding three-year period.

TABLE I

HUD INCOME LIMITS Effective: February 13, 2008								
# of Persons:	1	2	3	4	5	6	7	8
Lower:	\$59,400	\$67,900	\$76,400	\$84,900	\$91,650	\$98,450	\$105,250	\$112,050
Median:	\$73,690	\$84,400	\$95,000	\$105,500	\$113,900	\$122,400	\$130,800	\$139,300
Moderate:	\$88,600	\$101,300	\$113,900	\$126,600	\$136,700	\$146,900	\$157,000	\$167,100

Incomes are maximums per category, adjusted for family size.

TABLE II

*BMR Unit Price Listing Effective December 6, 2007			
# of Bedrooms	Lower Income	Median Income	Moderate Income
3 Bedrooms	\$264,000	\$335,500	\$407,500
4 Bedrooms	\$283,500	\$361,500	\$439,000

*Purchase price includes Mello Roos and School Fees.



STEPS REQUIRED TO SELL BMR (Below Market Rate) UNITS

Seller/Agent Responsibilities:

1. Seller/Agent will comply with all terms and conditions of the Residential Development Agreement
2. Real Estate Agent fees are the responsibility of the Seller.
3. Seller/Agent will notify City of availability of the BMR unit(s) within 45-120 days prior to completion of the unit and will complete the BMR Information Sheet which discloses all aspects of the unit including but not limited to homeowner's association fees, Mello Roos fees, available features, etc.
4. Upon receiving the City's buyer referral letter, Seller/Agent will proceed with sale. **The sales agreement is between the developer/owner and the BMR homebuyer(s); it must include an Addendum to include the following: "As a condition to sell, the BMR buyer must be eligible to participate in the BMR Program and must record the City's Resale Restriction Agreement upon close of escrow."** Prior to close of escrow, City will sign all necessary documents, including the Resale Restriction Agreement which is to be recorded concurrent with the first deed of trust.
5. BMR buyer must be given the opportunity to order upgrades, provided these are paid for in advance and not incorporated into the loan. Any Agreement regarding upgrades between the Developer/Contractor and the Buyer must indicate that Buyer assumes full responsibility for the upgrades should he/she not be able to complete the purchase.
6. **Seller/Agent will treat the BMR buyer in a courteous and professional manner, and will give the BMR buyer the same representation and services as given to non-BMR buyers.** This applies to home delivery dates and appointments to view the unit; BMR buyers will not be unnecessarily burdened with construction delays. Delays which result in BMR buyers out of a place to live may require the developer to pay for hotel accommodations, storage and/or financing fees until the BMR home is completed.
7. Seller/Agent or Seller's Agent will prepare:
 - a. Sales Agreement, including all terms of sale, and Closing Statement;
 - b. All documents required by federal, state, or local law(s) in regards to the sale of real property;
 - c. Brief cover letter or memo detailing any other pertinent information;
 - d. Prior to close of escrow, hand deliver or mail to City copies of:
 - i. Executed sales agreement
 - e. At the close of escrow, hand deliver or mail to City copies of:
 - ii. Copy of recorded BMR resale agreement
 - iii. Copy of recorded Request for Copy of Notice of Default

8. Escrow will close no later than 120 days from the date the Sales/Purchase Agreement is signed.
9. Closing costs and title insurance will be paid pursuant to the custom and practice in effect at the opening of such escrow, for the City of Morgan Hill, County of Santa Clara.

City's Responsibilities:

1. City representative will review approved Development Agreement and/or Resale Restriction Agreement.
2. City will pre-screen and preliminarily qualify potential buyers. Qualifications are defined within the endorsed Development Agreement, BMR Program Guidelines and/or within a Resale Restriction Agreement. City will insure that buyer endorses and notarizes a Resale Agreement.
3. Within 15 working days of BMR availability notification, City will notify Seller/Agent of eligible buyer including pertinent information (Buyer's name, address, phone number, etc.) provided that Seller/Agent has submitted the BMR Information Sheet to City.

The Seller or Sellers Agent is the development contact. The Seller and/or Seller's Agent is to provide Buyer with all required information and/or documentation to insure all requirements and laws pertaining to the purchase of real property are adhered to.

THESE GUIDELINES ARE SUBJECT TO CHANGE WITHOUT NOTICE.

Property owner acknowledges having received a copy of this document.

Property Owner(s):

Signature

Date: _____

Signature

Date: _____

Moderate Rate Non-Restricted Units
Purchase Price
July 2008

Developments which include Moderate Rate Non-Restricted units shall select one of the following two methods to establish the purchase price:

Method 1: Figure is released by the City of Morgan Hill – Housing

Effective – April 29, 2008
Purchase Price: *\$725,000 (at or below)
*Includes Mello Roos assessment and/or Morgan Hill Unified School District Fees

Method 2: Seller establishes the Purchase Price using the Moderate Income Limits as show on Table 3 below

Effective – September 13, 2007	
Household Size	*Income Limits
1 - 4	\$126,600

*(The income limits may be adjusted if the household includes more than 4 persons)

Developers shall select one of these two methods for purchase price purposes. The developer needs to make a selection at the time building permits are obtained for the subject units. The developer will need to provide documentation to evidence the sale complies with purchase price requirements. Complete program requirements are available upon request by contacting Business Assistance and Housing Services at (408) 776-7373.

HOUSING IN-LIEU FEES CHART

For Measure "C" FY 2007-2008

Fraction of the Housing In-Lieu Fees for Large Projects

Large Project: a project with more than 15 units

Fraction of BMR Unit	In- Lieu Fee
.10	\$15,000
.20	\$30,000
.30	\$45,000
.40	\$60,000

Micro and Small Project Chart

Micro Project: a project with fewer than 6 units

Small Project: a project with 6-15 units

Total Number Allocations	In-Lieu Fee
1	\$15,000
2	\$30,000
3	\$45,000
4	\$60,000
5	\$75,000
6	\$90,000
7	\$105,000
8	\$120,000
9	\$135,000
10	\$300,000 Double Fee
11	\$330,000 Double Fee
12	\$360,000 Double Fee
13	\$390,000 Double Fee
14	\$420,000 Double Fee
15	\$450,000 Double Fee